

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 DHA-02 IO-13 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01
AGRE-00 OES-07 CU-04 HEW-04 /114 W
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CINCPAC FOR POLAD FOR AMBASSADOR WRIGGINS

E.O. 11652: N/A
TAGS: PGOV, PINT, ECON, CE

SUBJ: COMMENTS ON UNP POLICY STATEMENT

REF: (A) COLOMBO 2733; (B) COLOMBO 2719; (C) COLOMBO 2696

1. SUMMARY: IN WHAT WAS PROBABLY THE MOST COMPREHENSIVE, AND
LOGEST, STATEMENT OF GOVERNMENT POLICY IN SRI LANKA'S RECENT
HISTORY, THE GOVERNMENT PLEDGED CREATION OF A NEW SOCIETY
BASED ON HUMAN AND MORAL VALUES. WHILE, AS EXPECTED IN SUCH
STATEMENTS, IT IS LONG ON PROGRAMS AND SHORT ON DEFINING THE
WHEREWITHAL FOR IMPLEMENTATION, IT NONETHLESS RECOGNIZES MOST
OF THE FUNDAMENTAL PROBLEMS THAT HAVE BEEN PLAGUING SRI LANKA
SOCIETY OVER THE RECENT YEARS. WHILE THERE HAS NOT YET BEEN
MUCH IN THE WAY OF POPULAR REACTION AND COMMENT TO THE STATE-
MENT, IT IS A DOCUMENT FOR ALL PEOPLES AND IS BOUND TO STRIKE
A RESPONSIVE CORD IN ALL SEGMENTS OF SOCIETY. WHETHER THE
GOVERNMENT IS RAISING EXPECTATIONS THAT IT WILL BE UNABLE TO
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SATISFY IS A MOOT QUESTION. SIR LANKANS, HOWEVER, ARE SUR-
PRISINGLY PERCEPTIVE; THEY ARE USED TO GRAND PROMSIES THAT
ARE RARELY FULFILLED, AND MAY WELL ACCEPT THIS GOVERNMENT'S
PROMISES WITH A GRAIN OF SALT. IF THIS GOVERNMENT, NONETHE-
LESS, CAN DELIVER ON EVEN MODICUM OF THE PROBLEMS IT HAS
DEFINED, SRI LANKANS WILL BE RECEIVING MORE THAN THEY HAVE
BEEN ACCUSTOMED TO OVER THE PAST SEVERAL YEARS. THE FOLLOWING

PARAGRAPHS HIGHLIGHT AND COMMENT ON SOME OF THE PROBLEMS THE GOVERNMENT HAS RESOLVED TO TACKLE AND TO SOLVE. END SUMMARY.

2. IN ITS POLICY STATEMENT, THE GOVERNMENT RECOGNIZED THAT THERE ARE UNSOLVED PROBLEMS CONFRONTING THE TAMIL MINORITY THAT HAVE PROMPTED A CALL FOR A SEPARATE STATE. IT WILL SUMMON AN ALL-PARTY CONFERENCE TO RESOLVE THOSE PROBLEMS AND TO IMPLEMENT THE DECISION TAKING ALL POSSIBLE STEPS TO REMEDY GRIEVANCES IN (1) EDUCATION, (2) COLONIZATION, (3) USE OF TAMIL LANGUAGE, AND (4) EMPLOYMENT IN PUBLIC AND SEMI-PUBLIC CORPORATIONS. MANY SINHALESE BELIEVE THAT SOME OF THE TAMIL DEMANDS ARE OUTRAGEOUS, ESPECIALLY THE CALL FOR A SEPARATE STATE. ALTHOUGH THERE MAY BE SOME ADVERSE REACTION FROM THE SINHALESE MAJORITY, THIS GOVERNMENT, IF IT ACTS QUICKLY WHILE IT IS RIDING A WAVE OF POPULARITY, MAY BE ABLE TO MAKE SUFFICIENT CONCESSIONS ON THE ABOVE POINTS TO SATISFY THE TAMILS AND TO HEAL A FAST DEVELOPING RIFT BETWEEN THE TWO PEOPLES. WE HAVE ALREADY BEEN TOLD BY A KNOWLEDGEABLE TAMIL THAT THE TULF IS READY TO MODERATE ITS DEMAND FOR A SEPARATE STATE FOR JUST SUCH CONCESSIONS. (REF B)

3. OTHER INTERNAL POLITICAL PROBLEMS, WHILE OF CONCERN TO US, WILL HAVE LITTLE IMMEDIATE EFFECT ON OUR POLICY TOWARD SRI LANKA. THE EMPHASIS ON EXEMPLARY MORAL BEHAVIOR WHICH IS TO BE DEFINED IN A CODE OF CONDUCT FOR MP'S AND GOVERNMENT OFFICIALS IS OF COURSE WELCOME. THE GOVERNMENT IN ITS POLICY LIMITED OFFICIAL USE

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STATEMENT HAS PROMISED STRICT ENFORCEMENT OF THE CODE. FROM THE TONE OF PRONOUNCEMENTS HTUS FAR, THE NEW GOVERNMENT APPEARS TO MEAN WELL, BUT ONLY WHEN IT COMES TO ENFORCEMENT WILL WE KNOW JUST HOW SERIOUS ITS PROMISES TO ROOT OUT MALFEASANCE AND CORRUPTION. MORE SIGNIFICANT WILL BE THE PLAN TO WRITE INTO THE CONSTITUTION, IRON-CLAD GUARANTEES OF THE FUNDAMENTAL RIGHTS, PRIVILEGES, AND FREEDOMS OF THE PEOPLE, WHICH MANY FEEL WERE ABUSED UNDER THE LAST GOVERNMENT. IN THE SAME VEIN IS THE PLEDGE TO REESTABLISH THE INDEPENDENCE OF THE PRESS AND JUDICIARY, FREEING THEM FROM THE POSSIBILITY OF POLITICAL CONTROL AND INTERFERENCE.

4. IN ITS ECONOMIC POLICIES THE GOVERNMENT MAY HAVE PUT ITSELF OUT ON A LIMB. FROM THE PERSPECTIVE OF OUR AID REPRESENTATIVE THE POLICY STATEMENT OVERALL IS ENTIRELY CONSISTENT WITH U.S. CONGRESSIONAL MANDATE, STRESSING BASIC NEEDS, FOOD, JOBS, EDUCATION, AND HEALTH SERVICES; EQUALITARIAN DISTRIBUTION; AND POPULAR PARTICIPATION THROUGH LOCAL GOVERNMENTAL BODIES, TRADE UNIONS, AND COOPERATIVES. BY NOT DIRECTLY ADDRESSING MACRO-ECONOMIC QUESTIONS, SUCH AS MOBILIZING DOMESTIC RESOURCES, EXCHANGE RATES, INVESTMENT AND SAVINGS, THE STATEMENT IS SILENT ON POLICY QUESTIONS WHICH HAVE BEEN RAISED BY OUT-

SIDE DONORS FOR SEVERAL YEARS. OF PARTICULAR INTEREST TO AID ARE STATEMENTS INDICATING THAT EXTENSION OF IRRIGATION REMAINS INTEGRAL TO THE AGRICULTURAL PROGRAM, AN EMPHASIS ON GREATER EFFICIENCY IN PRODUCTION THROUGH A "COMPETITIVE ECONOMIC POLICY," THE USE OF FINANCIAL INCENTIVES FOR FAMILY PLANNING, AND AN EMPHASIS ON CREATING EMPLOYEMTN.

5. ONE OF THE MAIN ECONOMIC THEMES OF THE POLICY STATEMENT, REDUCING THE COST OF LIVING THROUGH GREATER PRODUCTIVITY, MAY CONTAIN A BASIC CONFLICT AS FAR AS AGRICULTURE IS CONCERNED. FARMERS WILL PRODUCE MORE IF THE MARKET PRICE OF THEIR PRODUCE IS AT AN APPROPRIATE INCENTIVE LEVEL. THIS MEANS, HOWEVER, EITHER HIGH PRICES TO THE CONSUMER OR INCREASED GOVERNMENT SUBSIDIES. INCREASED SUBSIDIES MAN EITHER HIGHER TAXES, THE LIMITED OFFICIAL USE

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BULK OF WHICH WOULD PROBABLY COME FROM IMPORT DUTIES AND FEES, MAKING IMPORTS MORE EXPENSIVE, OR FROM DEFICIT FINANCING, WHICH WILL EVENTUALLY LEAD TO INFLATION. THE INDUSTRIAL SECTOR, WITH MUCH UNUSED CAPACITY, COULD INCREASE PRODUCTION AND BRING DOWN SOME PRICES, BUT THE PRICE OF FOOD IS THE CRITICAL ISSUE NOW.

6. THE POLICY STATEMENT REITERATES THE UNP MANIFESTO PROMISE OF EIGHT POUNDS OF CEREAL PER ADULT PER WEEK. THE LOCAL PRESS, HOWEVER, HAS BEEN QUOTING STATEMENTS BY THE PM AND FINANCE MINISTER REFERRING TO EIGHT POUNDS PER CONSUMER PER WEEK. DISTINCTION BETWEEN ADULT AND CONSUMER IS AN IMPORTANT ONE SINCE THERE ARE 7 MILLION ADULTS AND 14 MILLION CONSUMERS. WHILE THE GOVERNMENT MAY MEAN ADULT, THE PEOPLE MAY WELL BE EXPECTING EIGHT POUNDS OF GRAIN FOR VERY MAN, WOMAN AND CHILD. THERE HAS NEVER BEEN ENOUGH RICE AND FLOUR IN THE COUNTRY TO PROVIDE EIGHT POUNDS PER WEEK PER CONSUMER OVER A YEAR'S TIME (SEE REF C.)

7. AS THE POLICY STATEMENT RIGHTLY NOTES, "THE TRADE UNION MOVEMENT IS IN CHAOS." ATTEMPTING TO BRING ORDER TO THAT CHAOS MAY BE EQUALLY DISRUPTIVE, HOWEVER, IF THE LABOR UNIONS DECIDE TO GO ALL OUT IN OPPOSING THE GOVERNMENT'S PROPOSALS. THE GOVERNMENT'S INTENT IS TO DEPOLITICIZE THE TRADE MOVEMENT, ALTHOUGH IT DOES NOT STATE, FOR INSTANCE, HOW THE EXISTING TIES BETWEEN THE LSSP AND THE POWERFUL CEYLON FEDERATION OF LABOR ARE TO BE BROKEN. THE UNP HAS ALSO PROMISED TO MOVE TOWARD "ONE UNION, ONE WORKPLACE." BOTH THE DEPOLITICIZATION AND THE SINGLE UNION MOVES HAVE DRAWN FIRE FROM MOST OF THE LEFT UNIONS, WHO ARGUE THAT THE LABOR MOVEMENT CANNOT BE RESTRUCTURED BY GOVERNMENT FIAT, BUT ONLY THE THE DESIRES OF THE WORKERS. ANOTHER CONTROLVERSIAL GOVERNMENT PROMISE IS WORKER PARTICIPATION IN MANAGEMENT. THIS PROPOSAL MAY BE LIMITED OFFICIAL USE

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IDEOLOGICALLY WELCOME TO THE LEFT, BUT COULD FACE RESISTANCE
FROM THE PRIVATE SECTOR IF NOT CAREFULLY IMPLEMENTED.
PERKINS

Message Attributes

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